Research News for the U.S. Travel Industry

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TRAVEL PRINTOUT

US Travel Data Center

October 1991

Volume 20, Number 10

Travel Industry Hopeful of Recovery in 1992

The outlook for the travel industry in 1992 will depend, to a large degree, on the economy, but executives are hopeful that the industry will be rejuvenated as quickly as it has in past recessions, delegates were told at the U.S. Travel Data Center's 17th annual Travel Outlook Forum October 23 in Washington.

Travel industry experts representing all sectors of the industry gathered at the 17th annual Travel Outlook Forum, co-sponsored by the Travel and Tourism Research Association (TTRA), to examine the travel industry's future.

Delos Smith, senior business analyst at The Conference Board, began the Travel Outlook Forum with the outlook for the economy. "Although the U.S. economy will be recovering for the rest of this year and in 1992, the recovery will be sluggish and for many people and for many regions of the country it will feel like a recession," noted Smith.

Because of the many unresolved questions, both the consumer and business communities will remain extremely cautious. Smith projected that there does not seem to be a recession ahead but just a period of uneven growth.

"Now that the numbers are in for the first half of 1991, we can see that this double whammy of war and recession has had negative effects on many sectors of the travel industry," said Suzanne Cook, executive director of the U.S. Travel Data Center. Domestic transport volume, passenger-miles traveled by air, rail, bus and auto/truck/recreational vehicles, is flat with virtually no growth over 1990.

According to a Data Center survey of state travel offices, which was released at the Forum, more than half of the states responding indicated that visitation had increased this year, although only modestly. The increases reported tended to reflect greater auto-related visitation with declines generally reported in air travel, reflecting national trends.

More than 76 percent of state travel officials expect increases in visitation in 1992. States across most of the United States share this optimism, with the exception of a few scattered states in the East, according to the Data Center survey.

Inbound travel to the United States will reach a record level of nearly 44 million visitors in 1992, an increase of more than 5 percent, according to Harvey Shields, director, office of research at the United States Travel and Tourism Administration (USTTA). In addition, American outbound travel will increase 9 percent in 1992, with a record number of departures.

Findings from the 1990 census will have major implications for the travel industry, said Dr. Barbara Everitt Bryant, director, Bureau of the Census at the U.S. Department of Commerce. The lifestyles and travel interests of our aging society, median age 33 years old, are very different than they were 10 years ago and present challenges to the travel industry which must provide and market travel products and services to these segments, said Bryant.

The recovery of the economy in 1992 will renew consumer spending and subsequently increase air travel demand 6 percent, predicted David Swierenga, assistant vice president at the Air Transport Association of America. After losing $1.3 billion in 1990, the industry is projected to show a profit of $300 million in 1992. "Renewed growth will mean increases in delays, unless the FAA (Federal Aviation Administration) accelerates efforts to improve the air traffic control system," added Swierenga.

The low rate of supply growth in the lodging industry will enable occupancy rates to increase to 61.7 percent in 1992, but room rates will increase to an average of $60.81, predicted Randell Smith, president, Smith Travel Research. The forecast, which was sponsored by the American Hotel and Motel Association (AH&MA), also indicated that a lack of industry profitability and increased ownership of hotels would be major influences in 1992 and beyond.

Unless there is a turnaround in the second half of 1991, we won't see any increase in the number of people traveling on business, said Henry Brandt, marketing research manager at Official Airline Guides, Inc. Based on the first six months of the U.S. Travel Data Center's *Survey of Business Travelers*, there was a greater proportion of the market taking just one or two business trips a year, fewer who took 3 to 9 trips, while the smallest group - the frequent travelers - held steady in numbers.

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INSIDE: 1990 Survey of Business Travelers; Travel Prices Decrease in September

Cost of Travel Decreases 2.2 Percent in September

The cost of travel in the United States decreased 2.2 percent in September, the first decrease since last May. The decrease in the cost of travel in September was the largest decrease since September 1989, according to the Data Center's latest Travel Price Index (TPI).

The TPI, which measures seasonally unadjusted changes in the cost of travel in the U.S. decreased to 144.5 (1982 - 84 = 100) during September.

For comparison, the overall cost of goods and services Americans purchase, as measured by the Consumer Price Index (CPI), increased 0.4 percent in September and rose to 137.2.

Travel Price Index and Components

September 1991 TPI Component	Monthly % Change August 1991 to September 1991	Annual % Change September 1990 to September 1991
Transportation	-0.5	-5.0
Airline Fares	-1.4	0.7
Other Intercity Trans.	0.7	2.1
Intracity Public Trans.	0.9	4.5
Motor Fuel	0.5	-10.9
Lodging	-6.6	10.1
Food and Beverages Away From Home	0.2	3.5
Entertainment	1.1	5.2
TRAVEL PRICE INDEX	-2.2	3.5
CONSUMER PRICE INDEX	0.4	3.4

Source: U.S. Travel Data Center and the U.S. Bureau of Labor Statistics

Lodging prices decreased 6.6 percent in September, but in the last 12 months, lodging prices increased 10.1 percent. Overall transportation costs decreased nearly 1 percent and in the last 12 months decreased 5 percent.

Motor fuel showed a slight increase in September, but decreased nearly 11 percent over the past 12 months. It was the second consecutive month that motor fuel prices have decreased in the past 12 months.

Entertainment costs increased more than 1 percent in September, but jumped more than 5 percent over the last 12 months. Intracity public transportation and other intercity transportation showed slight increases of less than 1 percent this past September. In addition, food and beverages away from home increased less than 1 percent.

Over the past 12 months, the TPI increased 3.5 percent, influenced greatly by rising lodging and intracity transportation costs. The CPI rose more than 3 percent over the same 12 month period.

The TPI indicates price changes in travel goods and services available to consumers in the U.S. and does not necessarily represent changes in the average fares, rates and other costs that travelers actually paid.

U.S. Travel Decreases in First Quarter 1991

The volume of travel in the first quarter 1991 showed a slight decrease from the first quarter in 1990, according to preliminary numbers from the Data Center's National Travel Survey.

"The euphoria of U.S. residents after the conclusion of the Gulf War helped increase travel in March, but declines in January and February attributed to a slight decrease in the first quarter of 1991," said Elizabeth Stewart, manager of market research at the Data Center.

There were a total of 238.9 million person-trips in the first quarter of 1991, which includes January, February and March. The 1991 total was a decrease of 0.1 percent over the first quarter of 1990. (A person-trip is one person traveling 100 miles or more away from home.)

The number of trips taken in the first quarter of this year decreased nearly 3 percent. There were a total of 124.2 million trips in the first quarter of last year, compared to 120.8 million trips this year.

There were fewer trips being taken, but more people were on the road compared to the first quarter of last year, according to Stewart.

Preliminary numbers from the Data Center show that travel in April 1991 will show an increase over the previous April. For additional information, contact Elizabeth Stewart at (202) 293-1040.

TRAVEL PRINTOUT is published monthly by the U.S. Travel Data Center, the national non-profit center for travel and tourism research and an affiliate of the Travel Industry Association of America, Two Lafayette Centre, 1133 21st Street, NW, Washington, D.C., 20036. (202) 293-1040.

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TRAVEL PRINTOUT reports on Data Center projects, national travel research conducted by other organizations and trends in the U.S. Travel Industry. Subscriptions are $75 per year; Foreign countries, $80 per year, payable in U.S. funds. ISSN: 0744-6233.

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Watts Wacker, executive vice president at Yankelovich Clancy Shulman told delegates that "hassles" associated with free time will be the biggest issue facing leisure travelers in 1992. Demographic groups of 40 - 59 years old and 35 years and older with children will show the largest growth in leisure travel.

The 17th annual Travel Outlook Forum was held in conjunction with the Travel Industry Association of America's (TIA) National Conference on October 24 at the Sheraton Washington Hotel. Proceedings from the forum will be available later this year through the *1992 Outlook for Travel & Tourism* at the cost of $125. For additional information on the forum, contact the Data Center at (202) 293-1040. *(Data Center members will be receiving a complimentary copy).*

Meeting, Convention & Trade Shows Remain Popular Among Business Travelers in 1990

Nearly one-half of all business travelers attended a meeting, convention or trade show in 1990, which accounted for nearly one-third of all business trips, according to the U.S. Travel Data Center's *1990 Survey of Business Travelers.*

The report, which is sponsored by the Official Airline Guides (OAG), said that "M & C" travel was again the most significant "purpose" segment of the market.

M & C trips are more likely to last 2 to 3 nights than any other company business trips, and they are more likely to be combined with vacation travel. March, April and January are the most popular months for M & C's.

Visitor Volume at National Parks

Region	August 1991 Visits	% Change from AUGUST 1990	% Change 1991/90*
NEW ENGLAND	2,924,248	-2.8%	-0.3%
MIDDLE ATLANTIC	4,146,461	10.1	8.9
SOUTH ATLANTIC	10,171,921	-1.7	-0.9
EAST SOUTH CENT.	2,318,996	10.6	5.1
EAST NORTH CENT.	1,192,100	4.9	9.7
WEST NORTH CENT.	2,359,124	10.2	8.5
WEST SOUTH CENT.	1,167,672	11.1	-2.2
MOUNTAIN	7,717,279	5.0	1.9
PACIFIC	6,992,147	7.6	2.4
TOTAL	38,989,948	4.2	2.2

* Percent change figures may not be consistent with those previously reported due to National Park Service revisions.

Census regions: New England: Conn., Maine, Mass., N.H., R.I., Vermont. Middle Atlantic: N.J., N.Y., Penn. & Atlantic: Del., District of Columbia, Fla., Ga., Md., N.C., S.C., Va., W.Va. East South Central: Ala., Ky., Miss., Tenn. East North Central: Ill., Ind., Mich., Ohio, Wis. West North Central: Iowa, Kan., Minn., Mo., Neb., N.D., S.D. West South Central: Ark., La., Okla., Texas. Mountain: Ariz., Colo., Idaho, Mont., Nev., N.M., Utah, Wyo. Pacific: Alaska, Calif., Hawaii, Ore., Wash.

Frequent travelers, those who take 10 or more business trips per year, are also an important element of business travel. Frequent travelers took nearly half of all business trips in 1990, 73 million trips.

There were a total of 4.9 million frequent business travelers, who averaged 16.1 trips in 1990, compared to 14 trips last year. The number of business trips that were combined with vacation increased 3 percent in 1990. More than 25 percent of all business travelers in 1990, nearly 9 million, took some vacation with their business trip.

Business travelers were more likely to add vacation time to their trip in the summer months. They were also more likely to use their own car to cover most of the miles, and they were three times more likely than business-only travelers to have stayed with friends and relatives. The Southern Atlantic was the favorite destination for both vacationing and non-vacationing business travelers.

The SBT includes an overview of business travel, characteristics of business trips, a profile of business travelers, purpose of trips, modes of transportation and accommodations. Segments covered in the report include women business travelers, business car rentals, frequent travelers and airline travelers, among others.

The 1990 Survey of Business Travelers is available for $85 by contacting the Data Center at (202) 293-1040. *(Data Center members will be receiving a complimentary copy.)*

News at the Data Center

The U.S. Travel Data Center has named Susan Weil as its Manager of Marketing and Membership. Weil's background includes several years of research and sales experience, most recently for a software engineering company in Washington. She holds a Master of International Management degree from the American Graduate School of International Management.

One of Weil's initial responsibilities as Manager of Marketing and Membership at the Data Center will be to increase visibility and capabilities to the Data Center membership of the Data Center's Travel Economic Impact Model (TEIM) and the National Travel Survey (NTS).

The newly revised TEIM is the only national model which produces the economic impact of travel at the national, state and local levels. The NTS is the monthly telephone survey of 1,500 U.S. adults that measures consumer's travel patterns and overall, national and regional travel trends.

In addition, Priya Vasan has joined the survey department as a research assistant. Vasan has a Bachelor of Science degree in Marketing from The George Mason University.

Current Travel Indicators - 1990/91

	Month	Value	Units	Percent Change Last Month	Year Ago	Year To Date
Establishment Receipts or Retail Sales						
Hotels, Motels, Other Lodging Places(1)	Aug	$5,759	million	5.1	3.9	1.1
Eating and Drinking Places(2)	Sept	$15,904	million	-0.5	4.5	3.9
Gasoline Service Stations(2)	Sept	$10,934	million	0.7	-6.6	2.5
Commercial Lodging Demand						
Hotel/Motel Occupancy Rates(3)	Aug	62.5	percent	1.8	-1.0	-2.3
Real Demand for Commercial Lodging(4)	Aug	71.9	million	4.1	2.9	0.3
Airline Passenger Traffic (5)						
Domestic Revenue Passenger-Miles	Sept	25.5	billion	-22.03	-2.1	-2.9
Int'l Revenue Passenger-Miles	Sept	11.0	billion	-18.6	5.1	-4.3
Highway Traffic Volume (6)						
Rural Arterial Passenger-Miles	Aug	52.6	billion	2.1	1.8	0.5
Rail Passenger Traffic (7)						
Amtrak Passenger-Miles	Aug	635.9	million	5.2	4.8	3.5
	Sept	466.0	million	-26.7	1.0	3.3
Travel Price Index (1982 - 84 = 100) (8)	Sept	144.5		-2.2	3.5	8.1
Visitor Volume at National Park Service Areas (11)						
Recreation Visits	Aug	38,989,948		-6.8	8.8	5.0
Overnight Stays	Aug	3,606,178		-3.0	5.4	5.3
Foreign Arrivals to the U.S.						
From Overseas(12)	May	1,399,096		24.5	14.4	1.5
From Canada(13)	Aug	2,840,063		9.5	16.2	11.2
From Mexico(12)	May	111,465		17.9	26.2	2.5
U.S. Citizen Departures						
To Overseas(12)	Jan	N/A				
To Canada(13)	Aug	2,259,462		8.9	2.4	-0.8
Domestic Demand for Gasoline						
Barrels/Day(14)	Aug	7,452	thousands	-1.4	-4.4	-1.5

(1) Source: Smith Travel Research, seasonally adjusted. (2) Preliminary, revised monthly. Source: Bureau of the Census. (3) Source: Smith Travel Research, seasonally adjusted. 1988 and 1987 data have been revised. (4) Smith Travel Research, unadjusted room nights sold. (5) Preliminary. U.S. scheduled service air carriers. Source: Air Transport Association. (6) Preliminary, revised monthly. Source: Federal Highway Administration. (7) Source: National Railroad Passenger Corporation (Amtrak). (8) Source: U.S. Travel Data Center and Bureau of Labor Statistics. (9) Source: U.S. Travel Data Center. (10) U.S. Travel Data Center Data is not comparable to earlier published numbers due to revised methodology. (11) Preliminary, unadjusted for differences in reporting units. Source: National Park Service. (12) Source: U.S. Travel and Tourism Administration. Mexican data reflect 194 arrivals only. (13) Statistics Canada. (14) Preliminary. Source: U.S. Department of Energy.

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4520 East-West Hwy., Ste. 800
Bethesda, MD 20814

October 1991

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